



Helping Clients Raise Financially Savvy Families

By W. Brian Puckett, JD, CPA/PFS

We have one of the finest educational systems in the world for teaching our citizens how to become competent in their chosen profession. However, we have not done such a great job of teaching our citizens about properly managing their money once they have earned it. Fortunately, more attention than ever is being paid to close this gap in our education system. A review of some statistics concerning financial literacy in the United States will leave little doubt as to why.

According to Bankrate's *2003 Financial Literacy Survey*, while "70 percent of Americans polled consider themselves good to excellent at managing their money...only 25 percent scored above a 'C' when it comes to actually doing it." Clearly, a gap exists between intention and action. As with most things, thinking about it is not enough — you must actually do something.

The same survey went on to give Americans a "D" in its financial literacy grade card, based on "timely bill payment, regular bank statement review, making more than minimum payments on credit cards, preparing a will, contributing to a retirement account, comparison shopping for a mortgage, keeping an emergency fund of at least three months' living expenses [and] shopping around for the best insurance deals."

Of course, CPAs are poised to play a significant role in the important endeavor of educating our clients, together with their kids and grandkids, about smart money management. One way to do that is by selecting an organization or school your client is involved with and offer a financial education program. Your client will appreciate the concern and coaching, winning you increased client loyalty.

Loyalty could inspire your client to spread the word about the program and your approach to financial management, essentially creating a buzz about your

Start with the OSCP

Go to www.oscpa.com and click on "financial literacy" in the Consumer Corner for more information and tools. You can also volunteer for an ad hoc committee that will focus on financial literacy efforts. Call Amy Welch at 405/841-3800, ext. 3806 or 800/522-8261 or e-mail awelch@oscpa.com.

The 360 Degree Life Stage Approach

360 Degrees of Financial Literacy is a multi-faceted effort, spearheaded by the AICPA, with the support of state CPA societies. The program encourages CPAs to take a broad leadership role in volunteering to educate the American public, from school children to retirees, on financial topics that apply specifically to their particular stage of life.

The new 360 Degrees of Financial Literacy program provides a comprehensive approach to financial education. It sends the message that financial education should be a lifelong endeavor — from a child putting pennies in a piggy bank to adults reaching a secure retirement. You can find out more on the 360 Degrees program at <http://www.oscpa.com/?726>.

The Right Tools

A good adviser will have a shelf full of books on the topic of money management for children and young adults. Loan to clients or give them as gifts. Some titles we can recommend include: *Rich Dad, Poor Dad: What the Rich Teach Their Kids About Money – That the Poor and Middle Class Do Not!* by Robert T. Kiyosaki (Warner Books, 2000), *Dollars and Sense for Kids* by Janet Bodnar (Kiplinger Books, 1999), *The Young Investor: Projects and Activities for Making Your Money Grow* by Katherine R. Bateman (Chicago Review Press, 2001), and *Teaching Personal Finance from Piggy Bank to Prom* by Willard S. Stawski (John Wiley & Sons, 2000). Each book can serve as a motivator for any parent.

Money Savvy Kids. Go to moneysavvygeneration.com

practice. An excellent resource for this is Money Savvy Kids. This personal finance curriculum designed specifically for kids is both fun and educational (see sidebar).

You might also consider putting together a letter with smart money tips for parents. For preschoolers, it might be helpful to point out kids will grow up thinking money grows on trees (or comes out of shiny machines mounted on walls) unless they are instructed otherwise. Encourage parents of very young children to think aloud when making purchases: "I'll pay for this with a check and the store will get the money from our bank" or "When I buy this with a credit card, I have to pay this much plus some more in interest later."

For elementary school age children, it may be helpful to offer parents tips about allowances, as well as bank and investment accounts. Point out the advantages of starting to invest and save early. Internet and popular press selections abound with statistical information highlighting the power of compounding. Many of the mutual fund companies have great literature available. One of my personal favorites, the "Let's Suppose" flyer published by Franklin Templeton Investments, shows a dramatic example of compounding with the analogy of a seed growing into a huge Sequoia tree. Kids love it!

For teenagers, the going gets tougher. Teens are bombarded with "buy" messages from every direction: media, peers and perhaps even parents, albeit unwittingly. Teens have grown up in a recreational shopping culture, where shopping malls are more like lifestyle centers, in which they congregate to socialize and spend their (or their parents') money.

According to the Jump\$tart Coalition for Personal Financial Literacy, today's high school graduates lack basic skills in the management of personal financial affairs. Many cannot even balance a checkbook and have no insight into the basic principles of earning, spending, saving and investing.

As a trusted adviser, these educational efforts are sure to be appreciated by a loyal clientele. Below are some resources that can help.

W. Brian Puckett, JD, CPA/PFS, is a wealth consultant with Brian Puckett Retirement Advisors, LLC, a Federally Registered Investment Adviser. He is also a member of the OSCP Personal Financial Planning Committee. Phone: (405) 607-4820 or Web: www.puckettadvisors.com. Securities offered through Cambridge Investment Research, Inc., Registered Broker/Dealer, Member NASD/SIPC.